

37 Am. Jur. 2d Fraud and Deceit § 127

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Fraud and Deceit

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IV. False Representations

F. Intent to Deceive, or to Induce Reliance; Knowledge of Falsity

3. Particular Kinds of Representations, Transactions, Relief, etc.

a. Representations; Concealment

§ 127. Representations as to financial responsibility, credit, and solvency—Representations regarding third person

[Topic Summary](#) | [Correlation Table](#) | [References](#)

West's Key Number Digest

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[Misrepresentations as to financial condition or credit of third person as actionable by one extending credit in reliance thereon, 32 A.L.R.2d 184](#)

Forms

[Am. Jur. Pleading and Practice Forms, Fraud and Deceit §§ 126 to 128](#) (Complaint, petition, or declaration—For damages—Misrepresentations as to solvency of third person)

[Am. Jur. Pleading and Practice Forms, Fraud and Deceit § 131](#) (Complaint in federal court—For damages—False representations as to solvency of third person—Inducing sale)

In order to hold a disinterested person liable in damages in tort for false representations as to the credit and solvency of a third person to whom credit is extended, all the elements of fraud must be established, and it is frequently stated that an intent to deceive and scienter must be proved.¹ The courts agree, on the other hand, that if a statement regarding a third person is known to be false at the time it is made and is made with intent to defraud, there will be liability for the injury caused by it.²

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Footnotes

- 1 Yates Center Nat. Bank v. Allen, 92 Kan. 481, 141 P. 553 (1914); Knight v. Rawlings, 205 Mo. 412, 104 S.W. 38 (1907); Lawson v. Vernon, 38 Wash. 422, 80 P. 559 (1905).
As to liability of a commercial or credit-reporting agency, see Am. Jur. 2d, Collection and Credit Agencies §§ 39, 40.
- 2 Lord v. Goddard, 54 U.S. 198, 13 How. 198, 14 L. Ed. 111, 1851 WL 6691 (1851); State Street Trust Co. v. Ernst, 278 N.Y. 104, 15 N.E.2d 416, 120 A.L.R. 1250 (1938); Lillian Knitting Mills Co. v. Earle, 237 N.C. 97, 74 S.E.2d 351 (1953); Pacific Fruit & Produce Co. v. Modern Food Stores, 158 Wash. 212, 290 P. 859 (1930).

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